

VZCZCXYZ0000
PP RUEHWEB

DE RUEHUNV #0505/01 3101559
ZNR UUUUU ZZH
P 061559Z NOV 09
FM USMISSION UNVIE VIENNA
TO RUEHC/SECSTATE WASHDC PRIORITY 0267
INFO RUEHII/VIENNA IAEA POSTS COLLECTIVE PRIORITY
RHMCSUU/DEPT OF ENERGY WASHINGTON DC PRIORITY
RUEANFA/NRC WASHDC PRIORITY

UNCLAS UNVIE VIENNA 000505

SENSITIVE

SIPDIS

STATE FOR T, S/SANAC, IO/GS, ISN/MNSA, ISN/RA, ISN/NESS
NA-21 CUMMINS, ILIOPULOS; NA-24 MENSELSON
NA-243 GOOREVICH/OEHLBERT; NA-241 O'CONNOR, SIEMON;
NE-62 SZYMANSKI
NRC FOR OIP - DOANE, HENDERSON, SCHWARTZMAN
GENEVA FOR CD

E.O. 12958: N/A

TAGS: [AORC](#) [KNNP](#) [IAEA](#) [ENRG](#) [TRGY](#)

SUBJECT: IAEA NOVEMBER TACC/BOARD: PREVIEW AND ANALYSIS

REFS: A) SAMUNDSON-DRUDOLPH email 10/08/09
B) SAMUNDSON-DRUDOLPH email 10/09/09 on Sudan
C) SAMUNDSON-DRUDOLPH emails 10/09/09 on Omani projects
D) SAMUNDSON-DRUDOLPH email 10/09/09 on UAE; SAMUNDSON-
DRUDOLPH email 10/09/09 on Regional Latin America
E) SAMUNDSON-DRUDOLPH email 10/09/09 on Ecuador;
SAMUNDSON-DRUDOLPH email 10/09/09 on Paraguay
F) SAMUNDSON-DRUDOLPH email 10/21/09
G) MOSCOW 2248
H) UNVIE 425

11. (SBU) SUMMARY AND ACTION REQUEST: The November 26-27 Board of Governors meeting will be the last Board session for Director General ElBaradei before handing over the reins to Yukiya Amano December 1. With this impetus to reflect on the institution, U.S. positions in the Board should be prefaced with a renewed commitment to multilateralism and the IAEA as a whole. The first order of business of the November Board of Governors will be to approve the report of the Technical Assistance and Cooperation Committee convening November 23-24 to approve off-year TC projects. Assuming no closure on the refueling agreement for the Tehran Research Reactor (TRR), however, our primary objectives for this Board session will focus on the long-standing fuel assurance proposal and Iran verification issues. The DG's quarterly report on Iran will include the first official report of the inspection of the Qom (Fordo) enrichment facility since its disclosure in September. Working with the P5-plus-1 and likeminded, it will be essential to frame the inspection report on Qom in its proper context -- Iran's intent in building a covert facility in contravention of Board, UNSC, and IAEA safeguards "Code 3.1" requirements. The DG's last address to open a Board meeting may set expectations, for better or worse, as to how his successor can proceed on the Iran issue that has dominated ElBaradei's tenure. More broadly, the Board session will be the first opportunity to increase pressure on Iran should it fail to deliver on its October 1 commitments in Geneva and in view of potential next steps in the UN Security Council. Also on the Board's agenda will be the DG's report on Syria verification, which will present another opportunity to turn up pressure on Damascus with respect to its continued failure to cooperate with the IAEA investigation. Since there have been no developments on the Syrian TC project on a feasibility study for a nuclear reactor, we do not expect this issue to be raised in either the TACC or Board. Septels will preview the Iran and Syria agenda items upon issuance of the respective reports. On Iran in particular, our tactical recommendation will hinge on a forthright IAEA report. Although the Director General will not report on verification in the DPRK, the issue will be added to the Board agenda pursuant to a request from the ROK, Japan and U.S. Board members will look to the U.S. statement should there be any significant developments on DPRK.

12. (SBU) In addition to the pressing verification issues, the Russian fuel reserve proposal will be added to the November Board agenda for approval; the agreement texts are about to be circulated to Member States for consideration. This is a long-awaited development and could bring to fruition the first assurance of supply mechanism, a U.S. priority. The Secretariat has indicated that it may, pending a decision from the Director General, consider also bringing the International Nuclear Fuel Bank forward in tandem; so as to not complicate approval of the Russian proposal, Mission has advised deferring the INFBN for a future Board session and will reinforce this message with the Secretariat. Our approach to Iran needs to be conditioned by the need to preserve a minimum of Board comity on the Russia/IAEA fuel reserve decision.

13. (SBU) Although this is not a TC project-cycle year, the November TACC and Board present an opportunity for a forward-leaning U.S. posture on peaceful uses of nuclear energy in view of the President's Nobel speech in early December and the upcoming NPT Revcon. The U.S. statement in the Board to join in approving the report of the TACC earlier in the week should underline our commitment to the TC program and peaceful uses more broadly. However, the TACC may also witness open disagreement regarding a Secretariat-proposed interregional project on Results Based Management (RBM), which is strongly opposed by the G-77. Should the G-77 force the issue by blocking consensus in the TACC, the U.S. should support the TC Department in its decision to implement RBM. The Secretariat has also issued a legal opinion excluding Iran from the RBM project due to UNSCR restrictions on IAEA technical cooperation to Iran. (Note: There is a requirement for two U.S. statements on TC, in the TACC and Board respectively.)

14. (U) Mission requests guidance for TACC and Board meetings by November 20. Guidance for preparatory outreach on assurance of nuclear fuel supply (paras 14-16 below) is requested as soon as possible and should precede TACC and Board statements and instructions keyed to the meeting agendas. END SUMMARY AND ACTION REQUEST.

TACC

15. (SBU) This year's Technical Assistance and Cooperation Committee (TACC) meeting has the potential to be contentious if the G77 refuse to join consensus on a proposed Secretariat project focusing on the implementation of Results Based Management (RBM). The Secretariat's objective with this project is to strengthen capacities of Member States and counterpart institutions in the application of RBM across the TC program cycle. The project is designed to meet Member State calls for more efficiency, results, and transparency in the TC program. RBM, if applied correctly, will strengthen TC planning, programming, budgeting, monitoring, evaluation, human resource management and management of information systems. To achieve this, the Secretariat will train TC recipient country project staff, including National Liaison Officers, as well as the planning and implementation staff in counterpart institutions. The main training components will focus on program and project design, defining performance indicators, reporting responsibility and accountability and results-focused budgeting and monitoring. Additionally, the training will bring Member State project teams into a network to share good practices in managing technical cooperation programs. Participants will also be identified to be resource persons for further development of capacities related to results based management. Training methodology and materials will be based on adult learning and group size will be kept between 20-25 participants. The approach will include the practical application of RBM across the TC program cycle. Each participant as a member of a group will, through a process of gathering new information and reinforcing existing knowledge, develop a country program design to use as a reference in designing their program and projects. Resource personnel will not only develop the teaching methods based on existing materials, but will also propose innovative participant-led training approaches. The project is expected to begin in 2010 and end in 2011. The USG should strongly support full implementation of the RBM project in both the TACC and Board statements. The U.S. statement should thank the Secretariat for its work in this area and underscore how RBM helps everyone involved in the TC process achieve results. Mission will subsequently push

the Secretariat to implement RBM fully by the beginning of the next project cycle (2012-2013.)

¶6. (SBU) The G77 to date are opposed to the RBM project because they see it as an attempt by major donors to the TCF to regulate and micro-manage the spread of nuclear technology and exert intrusive oversight into their national implementation of TC. The Secretariat has been clear in its meetings with the G77 that this project did not come from TCF donor countries. Should the G77 continue to oppose the project and move to break consensus on the short slate of projects at the TACC/BOG, the U.S. should make clear that doing so would set a negative precedent. The USG should not spearhead an effort to broker a compromise (which would only feed into G77 suspicions about this project), but rather indicate that a move to break consensus would undercut TC and stoke Board divisions. The UK, France, Switzerland, Australia, and Canada all agree that support should be noted in national statements and consensus should be preserved.

¶7. (SBU) Prompted by Iran, some G-77 Member States will use the Secretariat's legal finding that Iran cannot participate in the RBM project based on UNSCRs as an excuse to take issue with the project. The Secretariat's legal office issued an opinion on GOV/2009/65/Annex 2 that Iran cannot participate in the RBM project based on UNSCRs 1737, 1747 and 1803 because the RBM is not humanitarian in nature and Iran, through the training networks that will be established, could access knowledge about TC projects dealing with nuclear energy, research reactors, etc. The U.S. should not seek a reversal of the Secretariat's legal opinion.

¶8. (U) The TACC will begin deliberations on November 23 and is expected to conclude on November 24 with formal adoption of its report. Australia from the SEAP group will provide its Mission Counselor, Dr. Ron Hutchings, as rapporteur.

TACC AGENDA ITEM 1 - DDG STATEMENT

¶9. (U) DDG Ana Maria Cetto will give the opening statement at the TACC. All indications point to her explaining the successful use of the Program Cycle Management Framework to create a TC program of qualitatively better projects than in the past. She will also note the trend of many countries joining more regional and inter-regional programs, which in her view indicates the growth of the TC program into a global program that facilitates information exchange. Finally, she will stress the importance of sustained funding for the TC program and the need for implementation of RBM. To date there are no indications she will raise issues surrounding the Syria feasibility study project for a nuclear reactor approved in 2008, as this project has not moved forward. (Note: Like-minded missions are also not planning to raise this project in the TACC for the same reason. End note.)

TACC AGENDA ITEM 2 TC: THE AGENCY'S PROPOSED PROGRAM FOR 2010

¶10. (U) In addition to the RBM project there are nine other projects that need TACC/Board approval to move forward. Refs A-E address project objectives, justification, and beneficiaries in a comprehensive manner. The U.S. should support all nine projects, assuming satisfactory findings through internal USG project reviews. The project are: (1) Sudan: "Conducting a feasibility Study for Planning and Establishing a Research Reactor" SUD/4/008, 2) Oman: "Long Term Planning for Energy and Water Demand and Supply in Oman" OMA/0/002, 3) Oman: Strengthening Capabilities for the Implementation of the Sultanate of Oman's Strategic Plan for Peaceful Uses of Nuclear Energy" OMA/0/003, 4) Oman: "Strengthening National Capabilities in Radiation Medicine and Dosimetry" OMA/6/002, 5) Oman: "Strengthening the National Regulatory Infrastructure for Radiation Safety and Occupational Exposure Control in Oman" OMA/9/002, 6) UAE: "Support for the Development of National Nuclear Power Infrastructure for Electricity Generation in the UAE" UAE/9/008, 7) Ecuador: "Upgrading a Gamma Irradiation Facility for multipurpose use" ECU/8/028, 8) Paraguay: "Improvement and Modernization of the Radiotherapy Services of the National Cancer Institute of Paraguay, and Training of Human Resources in these areas." PAR/6/013, and 9) Regional Latin America: "Assessment

of National Regulatory Infrastructures for the Safe and Peaceful Uses of Nuclear Energy in Latin America and Caribbean" RLA/0/044). (NOTE: The Sudan TC project requesting a feasibility study for a research reactor is a standard study of whether the country can support such an endeavor. The TC Division has assured Msnoff that no proliferation concerns exist in this project. END NOTE.)

TACC AGENDA ITEM 3 - EVALUATION OF 2009 TC ACTIVITIES

¶11. (U) Document GOV/2009/72 (ref F) reports on the evaluation of the Agency's technical cooperation activities in 2009 and outline the 2010 work plan. The 2009 Evaluation of Technical Cooperation Activities report indicated overall success in projects on areas related to research reactors and Tsetse fly eradication. However, there are significant concerns with research reactor projects, particularly in risk identification and monitoring, post installation support and technical expertise. According to the IAEA Office of Internal Oversight Services (OIOS), these difficulties were also shared by projects supporting the implementation of nuclear power programs, although the issues with nuclear power endeavors are significantly more problematic in project formulation, capability for building human resources, infrastructure, financial resources and technology. Food irradiation projects also had limited impact due to a lack of implementation support from TC recipient countries. The lack of implementation included various factors such as low producer interest, competing methods, and technical difficulties. However, OIOS found the greatest failure in the TC Division's implementation of projects to fight cancer. (NOTE: This is not an evaluation of PACT, the Program of Action for Cancer Therapies. PACT is not within the TC Division; it is a separate program in the IAEA's nuclear applications department. END NOTE.) The TC projects in the area of radiotherapy were found to be largely deficient in monitoring and accountability, infrastructure, safety, human and financial resources and the adequacy of knowledge and training.

¶12. (U) OIOS urges the TC Division implement its recommendations quickly. The U.S. statement should support OIOS's findings and welcome the 2009 evaluation. On the TC cancer therapy programs specifically, the U.S. should note its support of the PACT program and urge the TC division to work closely with PACT to implement projects in cancer therapy to avoid duplication, maximize needed expertise, maximize use of TC funds, and capitalize on PACT's successful partnerships with the WHO and NGOs to implement a full range of cancer prevention programs in-country.

¶13. (U) The U.S. should also support the OIOS program of work outlined for 2010, which includes evaluations in safety of nuclear installations, contribution and role of the FAO/IAEA agriculture and biotechnology laboratory, project planning processes and achievement of objectives, and the national liaison officer (NLO) function and structure. This work plan, specifically the latter two evaluations, will help streamline TC project management.

ASSURED SUPPLY

¶14. (SBU) The IAEA Secretariat received a request from the Russian Federation to put consideration of Russia's LEU fuel reserve proposal (ref G) on the Board agenda. The GOR apparently issued its necessary decree authorizing the MFA to sign the proposed "Agreement 1" with DG ElBaradei. Board action would be to (1) approve the Agency's role as set out in Agreement 1 and the accompanying Model Transfer Agreement ("Agreement 2"), and (2) authorize the DG to sign the first document with Russia and to exercise the authority to enter into the transfer agreement with a requesting state under relevant criteria. IAEA fuel banks point man Tariq Rauf (EXPO) shared with Msnoff that he had expressed to Moscow his personal assessment that the Russian reserve proposal would not enjoy consensus support and that Russia may wish to consider the means for gaining approval (i.e., how to win a vote). Instead, Russia plans to sign up the required majority of 18 Board members as co-sponsors, and then challenge others to vote against, knowing the resolution will ultimately pass. Mission has reaffirmed to the Russian Mission here several times this week that we stand ready to help lobby other Board members for the proposal. Mission requests timely authorization to co-sponsor the Russian proposal and has encouraged

other like-minded to do the same. Among these like-minded, Japan has expressed some anxiety, and will require an approach in capital.

¶15. (SBU) Rauf also previewed INFCIRC 772 that came out on November 6, containing a letter the DG received from the Ambassador of Egypt as chair of the NAM. In its letter, the NAM enunciates views on each operative paragraph of UNSCR 1887 that has relevance to the work of the IAEA. With respect to OP14 of the Resolution, the NAM reiterates its judgment that the IAEA Board is not in a position to take action on proposals providing for international assurance of nuclear fuel supply in the absence of a coherent, comprehensive examination of all factors. The letter goes on to posit that decisions on IAEA participation in any fuel assurance mechanism must be made by consensus of the General Conference. In connection with the prospect of voting on the Russian proposal, Rauf pointed out that a few but not all NAM heavy-hitters are currently on the Board. (See also ref H, paras 31-33.)

¶16. (SBU) Action Request: Mission looks forward to inter-agency assessment of the Russian agreement texts and points to draw on in advocating to other Board states their co-sponsorship and/or approval of the Russian proposal. We request further that Washington's subsequent instructions to USDEL for the Board of Governors meeting include a substantive statement for delivery under the anticipated agenda item. Mission notes that the prospect of a controversial vote on the fuel proposal will make Russia unenthusiastic about any vote on Iran and will thereby likely limit Board options under the Iran agenda item.

DAVIES